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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, February 5, 2003

APPLICATION OF

CASE NO. PUE-2002-00643

SALTVILLE GAS STORAGE COMPANY, L.L.C.

For authority to receive initial capital  
contributions from an affiliated entity

**ORDER GRANTING AUTHORITY**

On November 14, 2002, Saltville Gas Storage Company, L.L.C. (“SGSC”), and Duke Energy Saltville Gas Storage, L.L.C. (the “Duke Member”) (collectively, the “Applicants”), filed an application with the State Corporation Commission (“Commission”) under Chapter 4 of Title 56 of the Code of Virginia requesting authority to receive a series of initial capital contributions from the Duke Member.

SGSC is a limited liability company whose principal office is located in Abingdon, Virginia. The Duke Member, a Delaware limited liability company, is one of two members of SGSC. Duke Energy Gas Transmission Corporation is the sole member of the Duke Member. The other member of SGSC is NUI Saltville Storage, Inc. (the “NUI Member”), a Delaware corporation with its principal place of business in Abingdon, Virginia. The NUI Member is wholly owned by NUI Corporation. Therefore, SGSC and the Duke Member are considered affiliated companies.

By Commission Orders dated August 6, 2002, and October 7, 2002, in Case No. PUE-2001-00585, the Commission approved SGSC’s application for a certificate of public

convenience and necessity (“CPCN”) subject to certain conditions. Consistent with the information provided as a part of the CPCN proceeding, the Duke Member, as one of two members of SGSC and in keeping with the terms of the agreement creating SGSC, has agreed to make a series of initial capital contributions to SGSC of approximately \$16,300,000.

Under the terms of the agreement creating SGSC, within 18 months from the date SGSC is organized, or sooner as required by SGSC’s budget, in order to match the in-kind contribution of the NUI Member, the Duke Member is obligated to make a series of cash capital contributions totaling \$16,321,397. SGSC states that these contributions are necessary for the Duke Member to maintain an ownership interest that is equivalent to the NUI Member in SGSC. Payments in the amount of \$8.7 million were made prior to SGSC filing an application for obtaining its CPCN. The remaining portion of \$7.6 million will subsequently be made by the Duke Member to SGSC. SGSC states that it requires the Duke Member’s capital contributions to fund its development and construction activities required to complete caverns and related infrastructure for the underground storage of natural gas for which it obtained its CPCN.

NOW THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the requested receipt of capital contributions by SGSC from the Duke Member is in the public interest and, should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code of Virginia, SGSC is hereby granted authority to permit the Duke Member to make capital contributions to SGSC in the amount of approximately \$16,300,000 as described herein.

(2) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(3) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not the Commission otherwise regulates such affiliate.

(4) The authority granted herein shall have no ratemaking implications.

(5) The transactions authorized herein shall be included in SGSC's Annual Report of Affiliate Transactions submitted to the Commission's Director of Public Utility Accounting.

(6) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then SGSC shall include the affiliate information contained in the Annual Report of Affiliate Transactions in such filings.

(7) There appearing nothing further to be done in this matter, it hereby is dismissed.